

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 22, 2019



United Parcel Service, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-15451
(Commission File Number)

58-2480149
(IRS Employer
Identification No.)

55 Glenlake Parkway, N.E., Atlanta, Georgia 30328
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (404) 828-6000

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Class B common stock, par value \$0.01 per share	UPS	New York Stock Exchange
Floating-Rate Senior Notes Due 2020	UPS20A	New York Stock Exchange
1.625% Senior Notes Due 2025	UPS25	New York Stock Exchange
1% Senior Notes due 2028	UPS28	New York Stock Exchange
0.375% Senior Notes due 2023	UPS23A	New York Stock Exchange
1.500% Senior Notes due 2032	UPS32	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined by Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company.

If an emerging growth company, indicate by check mark if the registrant has elected not use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 — Results of Operations and Financial Condition.

On October 22, 2019, United Parcel Service, Inc. (the “Company”) issued a press release containing information about the Company’s results of operations for the third quarter ended September 30, 2019. The Company also posted on its website at www.investors.ups.com financial statement schedules containing additional detail about the Company’s results of operations for the same period.

A copy of the press release is attached hereto as Exhibit 99.1. A copy of the financial statement schedules are attached hereto as Exhibit 99.2.

Item 9.01 — Financial Statements and Exhibits.

(d) Exhibits

99.1 Press release dated October 22, 2019 "[UPS RELEASES 3Q 2019 EARNINGS](#)"

99.2 [Q3 2019 financial statement schedules](#)

104 The cover page from this Current Report on Form 8-K, formatted in Inline XBRL

The information contained in Items 2.02 and 9.01 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference in any filings under the Securities Act of 1933 or the Exchange Act, except as may be expressly set forth by reference in any such filing.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 22, 2019

UNITED PARCEL SERVICE, INC.
By: /s/ RICHARD N. PERETZ

Richard N. Peretz
Senior Vice President

For Immediate Release

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404-828-8787

Scott Childress, Investor Relations
404-828-7957

UPS RELEASES 3Q 2019 EARNINGS

Operating Profit Up More Than 20%, with Margin Expansion in All Segments

- **3Q19 EPS of \$2.01, Up More Than 16%; Adjusted* EPS Up 13.7% to \$2.07**
- **U.S. Daily Volume Grew Above 9%; Next Day Air Volume Jumped Nearly 24%**
- **U.S. Operating Profit Rose Over 28%; Grew Nearly 26% on an Adjusted Basis**
- **Positive Operating Leverage in U.S. Driven by Lower Unit Cost**
- **International Operating Profit Up 24.4%; and 20.3% on an Adjusted Basis**
- **Supply Chain and Freight Operating Margin of 7.3%; Adjusted Margin of 7.6%**
- **Reaffirms 2019 Adjusted EPS and Raises Adjusted FCF Target to Over \$4.0B**

ATLANTA - October 22, 2019 - UPS (NYSE:UPS) today announced third-quarter 2019 adjusted earnings per share of \$2.07, a 13.7% increase over the same period last year. The company delivered strong operating profit growth of more than 20%, led by the U.S. Domestic and International segments. U.S. Domestic performed exceptionally well year-over-year, with volume gains across all products.

“Our results reflect significant progress from our transformation initiatives, and our ability to generate growth and deliver increased efficiencies in a dynamic economic environment,” said David Abney, UPS chairman and CEO. “As we recently announced, we continue to forge new partnerships and create innovative solutions to accelerate growth in the most attractive opportunities.”

Transformation strategy costs are excluded from adjusted results. Adjusted third-quarter 2019 results exclude a pre-tax transformation charge of \$63 million, or \$0.06 per diluted share after tax. Adjusted third-quarter 2018 results excluded a pre-tax transformation charge of \$97 million, or \$0.09 per share after tax.

<u>Consolidated Results</u>	<u>3Q 2019</u>	<u>Adjusted 3Q 2019</u>	<u>3Q 2018</u>	<u>Adjusted 3Q 2018</u>
Revenue	\$18,318 M		\$17,444 M	
Net Income	\$1,750 M	\$1,797 M	\$1,508 M	\$1,581 M
Diluted Earnings Per Share	\$2.01	\$2.07	\$1.73	\$1.82

* "Adjusted" and amounts presented in this release are non-GAAP financial measures. See the appendix to this release for a discussion of non-GAAP financial metrics, including a reconciliation to the most closely correlated GAAP measure.

For the total company in 3Q 2019:

- Consolidated revenue increased 5% to \$18.3 billion, driven by strong average daily volume growth in the U.S.
- Total operating profit growth was very strong at more than 23%, and 20.1% on an adjusted basis, led by the U.S. Domestic and International segments.
- Total operating margin expanded 170 basis points**; adjusted operating margin expanded 150 basis points.
- Adjusted capital expenditures for the year are approximately \$4.5 billion to support network enhancements.
- Year-to-date cash from operations was \$5.7 billion and adjusted free cash flow grew to \$3.2 billion.
- Dividends per share increased 5.5%, and the company repurchased 7 million shares for approximately \$753 million year-to-date.

U.S. Domestic Segment

In the U.S. Domestic segment, total volume across all products grew more than 9%. Next Day Air increased nearly 24%; Deferred Air grew more than 17%; and Ground volume rose nearly 7%. Growth came from both B2C and B2B shippers, led by the retail, healthcare and high-tech sectors.

“The investments we are making in new facilities and automation in our network, coupled with solid execution of our strategies, are producing strong results, including strong, positive operating leverage,” said Abney. “We see significant near-term benefits to both top- and bottom-line results in the U.S. and continued momentum into the future.”

	<u>3Q 2019</u>	<u>Adjusted 3Q 2019</u>	<u>3Q 2018</u>	<u>Adjusted 3Q 2018</u>
Revenue	\$11,455 M		\$10,437 M	
Operating profit	\$1,216 M	\$1,242 M	\$949 M	\$988 M

- Revenue grew more than \$1 billion, a nearly 10% increase.
- Operating profit increased 28.1%, and nearly 26% on an adjusted basis.
- Operating margin was 10.6%; adjusted operating margin expanded 130 basis points.
- Unit costs were lower by 2.7%; on an adjusted basis, down 2.5%, contributing to positive operating leverage.

International Segment

The International segment reported strong operating profit and expanded operating margin. The company's performance is the result of a number of items in the quarter, including strong cost control, good execution and targeted domestic and export growth.

	<u>3Q 2019</u>	<u>Adjusted 3Q 2019</u>	<u>3Q 2018</u>	<u>Adjusted 3Q 2018</u>
Revenue	\$3,494 M		\$3,478 M	
Operating profit	\$667 M	\$693 M	\$536 M	\$576 M

- International saw export volume growth on intra-European trade lanes and virtually all Asia trade lanes except Asia-U.S.

**One basis point equals one-hundredth of a percentage point.

- International domestic revenue per piece fell less than 1%, but grew 2.3% when adjusting for currency.
- Operating profit increased more than 24%, or by 20.3% on an adjusted basis.
- Industry-leading operating margin remained strong at 19.1%; adjusted operating margin expanded 320 basis points**.

Supply Chain and Freight Segment

The Supply Chain and Freight segment's performance was driven by small and medium-sized customers that generate higher-quality revenue, as well as cost management actions throughout the network.

	<u>3Q 2019</u>	<u>Adjusted 3Q 2019</u>	<u>3Q 2018</u>	<u>Adjusted 3Q 2018</u>
Revenue	\$3,369 M		\$3,529 M	
Operating profit	\$245 M	\$256 M	\$242 M	\$260 M

- Operating margin expanded to 7.3%, and to 7.6% on an adjusted basis.
- Logistics revenue increased more than 7% from growth in the healthcare, retail and manufacturing sectors.
- UPS Freight produced an increase in revenue per LTL (less-than-truckload) hundredweight of nearly 4%, driven by its focus on small and medium-sized businesses.
- The Forwarding unit adjusted costs and partially offset the negative revenue impact of trade uncertainty.

Outlook

The company provides guidance on an adjusted (non-GAAP) basis because it is not possible to predict or provide a reconciliation reflecting the impact of future pension mark-to-market adjustments or other unanticipated events, which would be included in reported (GAAP) results and could be material.

"UPS delivered solid performance for the third quarter," said Brian Newman, UPS's chief financial officer. "Positive impacts from our transformation initiatives are visible in our results as we continue to improve network efficiencies and create new solutions that will open more growth opportunities well into the future."

- The company reaffirms full-year adjusted diluted EPS in the range of \$7.45 to \$7.75.
- Guidance assumes no further deterioration regarding global trade uncertainty or U.S. industrial weakness.
- Adjusted free cash flow for the year is projected to be over \$4.0 billion.
- Capital investments have been reduced in both 2019 and 2020 by about \$500 million each year. Network automation targets and other transformation goals remain unchanged.
- The effective tax rate for the full year 2019 is estimated to be between 22% and 23%.
- Transformation charges are not included in the adjusted guidance.

**One basis point equals one-hundredth of a percentage point.

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Conference Call Information

UPS CEO David Abney, CFO Brian Newman and former CFO Richard Peretz will discuss third-quarter results with investors and analysts during a conference call at 8:30 a.m. ET, October 22, 2019. That call will be open to others through a live Webcast. To access the call, go to www.investors.ups.com and click on "Earnings Webcast." Additional financial information is included in the detailed financial schedules being posted on www.investors.ups.com under "Financials" and as filed with the SEC as an exhibit to our Current Report on Form 8-K.

About UPS

UPS (NYSE: UPS) is a global leader in logistics, offering a broad range of solutions including transporting packages and freight; facilitating international trade, and deploying advanced technology to more efficiently manage the world of business. Headquartered in Atlanta, UPS serves more than 220 countries and territories worldwide. UPS was awarded [America's Best Customer Service](#) company for Shipping and Delivery services by Newsweek magazine; Forbes [Most Valuable Brand in Transportation](#); and top rankings on the [JUST 100](#) list for social responsibility, the Dow Jones Sustainability World Index, and the Harris Poll Reputation Quotient, among other prestigious rankings and awards. The company can be found on the web at ups.com or pressroom.ups.com and its corporate blog can be found at ups.com/longitudes. The company's sustainability eNewsletter, UPS Horizons, can be found at ups.com/sustainabilitynewsletter. To get UPS news direct, follow [@UPS_News](#) on Twitter. To ship with UPS, visit ups.com/ship.

Forward-Looking Statements

Except for historical information contained herein, the statements made in this release constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements, including statements regarding the intent, belief or current expectations of UPS and its management regarding the company's strategic direction, prospects and future results, involve certain risks and uncertainties.

Certain factors may cause actual results to differ materially from those contemplated by the forward-looking statements, including changes in economic and other conditions in the markets in which we operate, governmental regulations (including tax laws and regulations), our competitive environment, the facts or assumptions underlying our health and pension benefit funding obligations, the results of negotiation and ratification of labor contracts, the impact of any strikes, work stoppages or slowdowns, changes in aviation and motor fuel prices, cyclical and seasonal fluctuations in our operating results, and other risks discussed in the company's Form 10-K and other filings with the Securities and Exchange Commission, which discussions are incorporated herein by reference.

Reconciliation of GAAP and non-GAAP Financial Measures

We supplement the reporting of our financial information determined under generally accepted accounting principles ("GAAP") with certain non-GAAP financial measures, including, as applicable, "as adjusted" operating profit, operating margin, other income (expense), pre-tax income, net income and earnings per share. Additionally, we periodically disclose free cash flow, free cash flow excluding discretionary pension contributions, and capital expenditures including principal repayments of capital lease obligations. The equivalent measures determined in accordance with GAAP are also referred to as "reported" or "unadjusted."

We consider quantitative and qualitative factors in assessing whether to adjust for the impact of items that may be significant or that could affect an understanding of our ongoing financial and business performance or trends. Examples of items for which we may make adjustments include but are not limited to: amounts related to mark-to-market gains or losses (non-cash); settlement of contingencies; gains or losses associated with mergers, acquisitions, divestitures and other structural changes; charges related to restructuring programs such as the implementation of our Transformation strategy; asset impairments (non-cash); amounts related to changes in tax regulations or positions; amounts related to changes in foreign currency exchange rates and the impact of any hedging activities; other pension and postretirement related items; and debt modifications.

We believe that these non-GAAP measures provide additional meaningful information to assist users of our financial statements in understanding our financial results, cash flows and assessing our ongoing performance because they exclude items that may not be indicative of, or are unrelated to, our underlying operations and may provide a useful baseline for analyzing trends in our underlying businesses. Management uses these non-GAAP financial measures in making financial, operating and planning decisions. We also use certain of these measures for the determination of incentive compensation awards.

Non-GAAP financial measures should be considered in addition to, and not as an alternative for, our reported results prepared in accordance with GAAP. Our non-GAAP financial information does not represent a comprehensive basis of accounting. Therefore, our non-GAAP financial information may not be comparable to similarly titled measures reported by other companies.

Costs Related to Restructuring Programs; Transformation Strategy Costs

We supplement the presentation of our operating profit, operating margin, pre-tax income, net income and earnings per share with similar non-GAAP measures that exclude the impact of costs related to restructuring programs, including Transformation strategy costs. We believe this adjusted information provides a useful comparison of year-to-year financial performance without considering the short-term impact of restructuring costs. We evaluate our performance on this adjusted basis.

Impact of Changes in Foreign Currency Exchange Rates and Hedging Activities

We supplement the reporting of our revenue, revenue per piece and operating profit with non-GAAP measures that exclude the period-over-period impact of foreign currency exchange rate changes and hedging activities. We believe currency-neutral revenue, revenue per piece and operating profit information allows users of our financial statements to understand growth trends in our products and results. We evaluate the performance of our International Package and Supply Chain and Freight segments on this currency-neutral basis.

Currency-neutral revenue, revenue per piece and operating profit are calculated by dividing current period reported U.S. dollar revenue, revenue per piece and operating profit by the current period average exchange rates to derive current period local currency revenue, revenue per piece and operating profit. The derived amounts are then multiplied by the average foreign exchange rates used to translate the comparable results for each month in the prior year period (including the period over period impact of foreign currency hedging activities). The difference between the current period reported U.S. dollar revenue, revenue per piece and operating profit and the derived current period U.S. dollar revenue, revenue per piece and operating profit is the period over period impact of currency fluctuations.

Free Cash Flow and Adjusted Capital Expenditures

We supplement the reporting of cash flows from operating activities with free cash flow, free cash flow excluding discretionary pension contributions and free cash flow plus principal repayments of capital lease obligations, non-GAAP liquidity measures. We believe these free cash flow measures are important indicators of how much cash is generated by regular business operations and we use them as a measure of incremental cash available to invest in our business, meet our debt obligations and return cash to shareowners. Additionally, we believe that adjusting capital expenditures for principal repayments of capital lease obligations more appropriately reflects the overall cash that we have invested in capital assets. We calculate free cash flow as cash flows from operating activities less capital expenditures, proceeds from disposals of property, plant and equipment, and plus or minus the net changes in finance receivables and other investing activities. Free cash flow excluding discretionary pension contributions adds back any discretionary pension contributions made during the period.

Reconciliation of GAAP and Non-GAAP Income Statement Data
(in millions, except per share amounts):

Three Months Ended September 30, 2019

	As- Reported (GAAP)	Transformation Strategy Costs ⁽¹⁾	As-Adjusted (Non-GAAP)
Operating profit:			
U.S. Domestic Package	\$ 1,216	\$ 26	\$ 1,242
International Package	667	26	693
Supply Chain & Freight	245	11	256
Total operating profit	<u>\$ 2,128</u>	<u>\$ 63</u>	<u>\$ 2,191</u>
Income before income taxes	\$ 2,206	\$ 63	\$ 2,269
Income tax expense	\$ 456	\$ 16	\$ 472
Net income	<u>\$ 1,750</u>	<u>\$ 47</u>	<u>\$ 1,797</u>
Diluted earnings per share	\$ 2.01	\$ 0.06	\$ 2.07

⁽¹⁾ Transformation strategy costs included other employee benefits costs of \$41 million, and other costs of \$22 million

Nine Months Ended September 30, 2019

	As- Reported (GAAP)	Transformation Strategy Costs ⁽¹⁾	As-Adjusted (Non-GAAP)
Operating profit:			
U.S. Domestic Package	\$ 3,090	\$ 72	\$ 3,162
International Package	1,858	112	1,970
Supply Chain & Freight	717	23	740
Total operating profit	<u>\$ 5,665</u>	<u>\$ 207</u>	<u>\$ 5,872</u>
Income before income taxes	\$ 5,850	\$ 207	\$ 6,057
Income tax expense	\$ 1,304	\$ 50	\$ 1,354
Net income	<u>\$ 4,546</u>	<u>\$ 157</u>	<u>\$ 4,703</u>
Diluted earnings per share	\$ 5.23	\$ 0.18	\$ 5.41

⁽¹⁾ Transformation strategy costs included other employee benefits costs of \$149 million, and other costs of \$58 million

Note: Certain amounts may not compute due to rounding.

Reconciliation of GAAP and Non-GAAP Revenue, Revenue Per Piece, and Adjusted Operating Profit

(in millions, except per piece amounts):

Three Months Ended September 30							
	2019 As- Reported (GAAP)	2018 As- Reported (GAAP)	% Change (GAAP)	Currency Impact	2019 Currency- Neutral (Non-GAAP) ⁽¹⁾	% Change (Non- GAAP)	
Average Revenue Per Piece:							
International Package:							
Domestic	\$ 6.45	\$ 6.47	(0.3)%	\$ 0.17	\$ 6.62	2.3 %	
Export	29.06	29.32	(0.9)%	0.06	29.12	(0.7)%	
Total International Package	<u>\$ 16.92</u>	<u>\$ 17.06</u>	<u>(0.8)%</u>	<u>\$ 0.11</u>	<u>\$ 17.03</u>	<u>(0.2)%</u>	
Consolidated	<u>\$ 11.02</u>	<u>\$ 11.20</u>	<u>(1.6)%</u>	<u>\$ 0.01</u>	<u>\$ 11.03</u>	<u>(1.5)%</u>	
Revenue:							
U.S. Domestic Package	\$ 11,455	\$ 10,437	9.8 %	\$ —	\$ 11,455	9.8 %	
International Package	3,494	3,478	0.5 %	24	3,518	1.2 %	
Supply Chain & Freight	3,369	3,529	(4.5)%	20	3,389	(4.0)%	
Total revenue	<u>\$ 18,318</u>	<u>\$ 17,444</u>	<u>5.0 %</u>	<u>\$ 44</u>	<u>\$ 18,362</u>	<u>5.3 %</u>	

⁽¹⁾ Amounts adjusted for period over period foreign currency exchange rate and hedging differences

	2019 As- Adjusted (Non-GAAP) ⁽¹⁾	2018 As-Adjusted (Non-GAAP) ⁽¹⁾	% Change (Non- GAAP)	Currency Impact	2019 As -Adjusted Currency Neutral (Non-GAAP) ⁽²⁾	% Change (Non- GAAP)	
Operating Profit:							
U.S. Domestic Package	\$ 1,242	\$ 988	25.7 %	\$ —	\$ 1,242	25.7 %	
International Package	693	576	20.3 %	(32)	661	14.8 %	
Supply Chain & Freight	256	260	(1.5)%	7	263	1.2 %	
Total operating profit	<u>\$ 2,191</u>	<u>\$ 1,824</u>	<u>20.1 %</u>	<u>\$ (25)</u>	<u>\$ 2,166</u>	<u>18.8 %</u>	

⁽¹⁾ Amounts adjusted for Transformation strategy costs

⁽²⁾ Amounts adjusted for Transformation strategy costs and period over period foreign currency exchange rate and hedging differences

Certain prior year amounts have been classified to confirm to the current year presentation.

Reconciliation of GAAP and Non-GAAP Revenue, Revenue Per Piece, and Adjusted Operating Profit
(in millions, except per piece amounts):

Nine Months Ended September 30							
	2019 As- Reported (GAAP)	2018 As- Reported (GAAP)	% Change (GAAP)	Currency Impact	2019 Currency- Neutral (Non-GAAP) ⁽¹⁾	% Change (Non- GAAP)	
Average Revenue Per Piece:							
International Package:							
Domestic	\$ 6.52	\$ 6.60	(1.2)%	\$ 0.33	\$ 6.85	3.8 %	
Export	29.29	29.43	(0.5)%	0.43	29.72	1.0 %	
Total International Package	<u>\$ 17.04</u>	<u>\$ 17.18</u>	<u>(0.8)%</u>	<u>\$ 0.37</u>	<u>\$ 17.41</u>	<u>1.3 %</u>	
Consolidated	<u>\$ 11.10</u>	<u>\$ 11.14</u>	<u>(0.4)%</u>	<u>\$ 0.06</u>	<u>\$ 11.16</u>	<u>0.2 %</u>	
Revenue:							
U.S. Domestic Package	\$ 33,085	\$ 31,018	6.7 %	\$ —	\$ 33,085	6.7 %	
International Package	10,458	10,613	(1.5)%	222	10,680	0.6 %	
Supply Chain & Freight	9,983	10,382	(3.8)%	70	10,053	(3.2)%	
Total revenue	<u>\$ 53,526</u>	<u>\$ 52,013</u>	<u>2.9 %</u>	<u>\$ 292</u>	<u>\$ 53,818</u>	<u>3.5 %</u>	

⁽¹⁾ Amounts adjusted for period over period foreign currency exchange rate and hedging differences

	2019 As- Adjusted (Non-GAAP) ⁽¹⁾	2018 As-Adjusted (Non-GAAP) ⁽¹⁾	% Change (Non- GAAP)	Currency Impact	2019 As-Adjusted Currency Neutral (Non-GAAP) ⁽²⁾	% Change (Non- GAAP)	
Operating Profit:							
U.S. Domestic Package	\$ 3,162	\$ 2,879	9.8 %	\$ —	\$ 3,162	9.8 %	
International Package	1,970	1,824	8.0 %	(46)	1,924	5.5 %	
Supply Chain & Freight	740	677	9.3 %	9	749	10.6 %	
Total operating profit	<u>\$ 5,872</u>	<u>\$ 5,380</u>	<u>9.1 %</u>	<u>\$ (37)</u>	<u>\$ 5,835</u>	<u>8.5 %</u>	

⁽¹⁾ Amounts adjusted for Transformation strategy costs

⁽²⁾ Amounts adjusted for Transformation strategy costs and period over period foreign currency exchange rate and hedging differences

Certain prior year amounts have been classified to confirm to the current year presentation.

**Reconciliation of Non-GAAP Liquidity Measures
(in millions):**

Nine Months Ended September 30

Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash

	Preliminary 2019
Cash flows from operating activities	\$ 5,693
Cash flows used in investing activities	(4,027)
Cash flows used in financing activities	(1,824)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	6
Net increase/(decrease) in cash, cash equivalents and restricted cash	\$ (182)

Reconciliation of Adjusted Capital Expenditures and Free Cash Flow (Non-GAAP measures)

	Preliminary 2019
Cash flows from operating activities (GAAP)	\$ 5,693
Capital expenditures	(4,336)
Principal repayments of capital lease obligations	(120)
Adjusted capital expenditures (non-GAAP measure)	\$ (4,456)
Proceeds from disposals of PP&E	61
Net change in finance receivables	8
Other investing activities	(84)
Adjusted free cash flow (Non-GAAP measure)	\$ 1,222
Discretionary pension contributions	2,000
Adjusted free cash flow (non-GAAP measure) excluding discretionary pension contributions	\$ 3,222

Amounts are subject to reclassification.

United Parcel Service, Inc.
Selected Financial Data - Third Quarter
(unaudited)

	Three Months Ended			
	September 30			
	2019	2018	Change	% Change
<i>(amounts in millions, except per share data)</i>				
Statement of Income Data:				
Revenue:				
U.S. Domestic Package	\$ 11,455	\$ 10,437	\$ 1,018	9.8 %
International Package	3,494	3,478	16	0.5 %
Supply Chain & Freight	3,369	3,529	(160)	(4.5)%
Total revenue	<u>18,318</u>	<u>17,444</u>	874	5.0 %
Operating expenses:				
Compensation and benefits	9,590	9,015	575	6.4 %
Other	6,600	6,702	(102)	(1.5)%
Total operating expenses	<u>16,190</u>	<u>15,717</u>	473	3.0 %
Operating profit:				
U.S. Domestic Package	1,216	949	267	28.1 %
International Package	667	536	131	24.4 %
Supply Chain & Freight	245	242	3	1.2 %
Total operating profit	<u>2,128</u>	<u>1,727</u>	401	23.2 %
Other income (expense):				
Other pension income (expense)	191	284	(93)	(32.7)%
Investment income and other	46	33	13	39.4 %
Interest expense	(159)	(155)	(4)	2.6 %
Total other income (expense)	<u>78</u>	<u>162</u>	(84)	(51.9)%
Income before income taxes	2,206	1,889	317	16.8 %
Income tax expense (benefit)	456	381	75	19.7 %
Net income	<u>\$ 1,750</u>	<u>\$ 1,508</u>	<u>\$ 242</u>	16.0 %
Net income as a percentage of revenue	9.6 %	8.6 %		
Per share amounts:				
Basic earnings per share	\$ 2.03	\$ 1.74	\$ 0.29	16.7 %
Diluted earnings per share	\$ 2.01	\$ 1.73	\$ 0.28	16.2 %
Weighted-average shares outstanding:				
Basic	864	865	(1)	(0.1)%
Diluted	870	870	—	0.0 %
As adjusted income data:				
Operating profit:				
U.S. Domestic Package (1)	\$ 1,242	\$ 988	\$ 254	25.7 %
International Package (1)	693	576	117	20.3 %
Supply Chain & Freight (1)	256	260	(4)	(1.5)%
Total operating profit (1)	<u>2,191</u>	<u>1,824</u>	367	20.1 %
Income before income taxes (1)	\$ 2,269	\$ 1,986	\$ 283	14.2 %
Net income (2)	\$ 1,797	\$ 1,581	\$ 216	13.7 %
Basic earnings per share (2)	\$ 2.08	\$ 1.83	\$ 0.25	13.7 %
Diluted earnings per share (2)	\$ 2.07	\$ 1.82	\$ 0.25	13.7 %

(1) 2019 operating profit and consolidated income before income taxes exclude the impact of \$63 million of transformation strategy costs, that reflect other employee benefits costs of \$41 million and other costs of \$22 million. These costs are allocated between the U.S. Domestic Package segment (\$26 million), International Package segment (\$26 million) and Supply Chain & Freight segment (\$11 million).

2018 operating profit and consolidated income before income taxes exclude the impact of \$97 million of transformation costs, that reflect other employee benefits costs of \$70 million and other costs of \$27 million. These costs are allocated between the U.S. Domestic Package segment (\$39 million), International Package segment (\$40 million) and Supply Chain & Freight segment (\$18 million).

(2) 2019 net income and earnings per share amounts exclude the after-tax impact of the adjustments described in (1), which decreased net income by \$47 million.

2018 net income and earnings per share amounts exclude the after-tax impact of the adjustments described in (1), which decreased net income by \$73 million.

Certain prior year amounts have been reclassified to conform to the current year presentation.

United Parcel Service, Inc.
Selected Operating Data - Third Quarter
(unaudited)

	Three Months Ended			
	September 30			
	2019	2018	Change	% Change
Revenue (in millions):				
U.S. Domestic Package:				
Next Day Air	\$ 2,146	\$ 1,896	\$ 250	13.2 %
Deferred	1,248	1,066	182	17.1 %
Ground	8,061	7,475	586	7.8 %
Total U.S. Domestic Package	11,455	10,437	1,018	9.8 %
International Package:				
Domestic	689	678	11	1.6 %
Export	2,673	2,654	19	0.7 %
Cargo and Other	132	146	(14)	(9.6)%
Total International Package	3,494	3,478	16	0.5 %
Supply Chain & Freight:				
Forwarding	1,472	1,672	(200)	(12.0)%
Logistics	846	790	56	7.1 %
Freight	852	867	(15)	(1.7)%
Other	199	200	(1)	(0.5)%
Total Supply Chain & Freight	3,369	3,529	(160)	(4.5)%
Consolidated	\$ 18,318	\$ 17,444	\$ 874	5.0 %
Consolidated volume (in millions)				
	1,345	1,229	116	9.4 %
Operating weekdays				
	64	63	1	1.6 %
Average Daily Package Volume (in thousands):				
U.S. Domestic Package:				
Next Day Air	1,891	1,526	365	23.9 %
Deferred	1,474	1,256	218	17.4 %
Ground	14,544	13,624	920	6.8 %
Total U.S. Domestic Package	17,909	16,406	1,503	9.2 %
International Package:				
Domestic	1,668	1,663	5	0.3 %
Export	1,437	1,437	—	0.0 %
Total International Package	3,105	3,100	5	0.2 %
Consolidated	21,014	19,506	1,508	7.7 %
Average Revenue Per Piece:				
U.S. Domestic Package:				
Next Day Air	\$ 17.73	\$ 19.72	\$ (1.99)	(10.1)%
Deferred	13.23	13.47	(0.24)	(1.8)%
Ground	8.66	8.71	(0.05)	(0.6)%
Total U.S. Domestic Package	9.99	10.10	(0.11)	(1.1)%
International Package:				
Domestic	6.45	6.47	(0.02)	(0.3)%
Export	29.06	29.32	(0.26)	(0.9)%
Total International Package	16.92	17.06	(0.14)	(0.8)%
Consolidated	\$ 11.02	\$ 11.20	\$ (0.18)	(1.6)%

Certain prior year amounts have been reclassified to conform to the current year presentation.

United Parcel Service, Inc.
Supplemental Analysis of Currency and UPS Freight

Currency Neutral Revenue Per Piece
(unaudited)

	Three Months Ended			Currency		
	September 30			Neutral		
	2019	2018	% Change	Currency	2019*	% Change
Average Revenue Per Piece:						
International Package:						
Domestic	\$ 6.45	\$ 6.47	(0.3)%	\$ 0.17	\$ 6.62	2.3 %
Export	29.06	29.32	(0.9)%	0.06	29.12	(0.7)%
Total International Package	\$ 16.92	\$ 17.06	(0.8)%	\$ 0.11	\$ 17.03	(0.2)%
Consolidated	\$ 11.02	\$ 11.20	(1.6)%	\$ 0.01	\$ 11.03	(1.5)%

*Amounts adjusted for period over period foreign currency exchange rate and hedging differences

Currency Neutral Revenue
(unaudited)

	Three Months Ended			Currency		
	September 30			Neutral		
	2019	2018	% Change	Currency	2019*	% Change
Revenue (in millions):						
U.S. Domestic Package	\$ 11,455	\$ 10,437	9.8 %	\$ —	\$ 11,455	9.8 %
International Package	3,494	3,478	0.5 %	24	3,518	1.2 %
Supply Chain & Freight	3,369	3,529	(4.5)%	20	3,389	(4.0)%
Total revenue	\$ 18,318	\$ 17,444	5.0 %	\$ 44	\$ 18,362	5.3 %

*Amounts adjusted for period over period foreign currency exchange rate and hedging differences

Currency Neutral Operating Profit
(unaudited)

	Three Months Ended			Currency		
	September 30			Neutral		
	2019*	2018*	% Change	Currency	2019**	% Change
As-Adjusted Operating Profit (in millions):						
U.S. Domestic Package	\$ 1,242	\$ 988	25.7 %	\$ —	\$ 1,242	25.7 %
International Package	693	576	20.3 %	(32)	661	14.8 %
Supply Chain & Freight	256	260	(1.5)%	7	263	1.2 %
Total operating profit	\$ 2,191	\$ 1,824	20.1 %	\$ (25)	\$ 2,166	18.8 %

* Amounts adjusted for Transformation strategy costs

** Amounts adjusted for Transformation strategy costs and period over period foreign currency exchange rate and hedging differences

UPS Freight Selected Operating Data -Third Quarter
(unaudited)

	Three Months Ended			
	September 30			
	2019	2018	Change	% Change
LTL revenue (in millions)	\$ 699	\$ 735	\$ (36)	(4.9)%
LTL revenue per LTL hundredweight	\$ 26.71	\$ 25.70	\$ 1.01	3.9 %
LTL shipments (in thousands)	2,441	2,603	(162)	(6.2)%
LTL shipments per day (in thousands)	38.1	41.3	(3.2)	(7.7)%
LTL gross weight hauled (in millions of pounds)	2,617	2,860	(243)	(8.5)%
LTL weight per shipment (in pounds)	1,072	1,098	(26)	(2.4)%
Operating weekdays	64	63	1	1.6 %

Certain prior year have been reclassified to conform to the current year presentation.

United Parcel Service, Inc.
Detail of Other Operating Expenses -Third Quarter
(unaudited)

	Three Months Ended			
	September 30			
	2019	2018	Change	% Change
<i>(in millions)</i>				
Repairs and maintenance	\$ 485	\$ 437	\$ 48	11.0 %
Depreciation and amortization	587	524	63	12.0 %
Purchased transportation	2,984	3,216	(232)	(7.2)%
Fuel	824	867	(43)	(5.0)%
Other occupancy	346	321	25	7.8 %
Other expenses	1,374	1,337	37	2.8 %
Total other operating expenses	<u>\$ 6,600</u>	<u>\$ 6,702</u>	<u>\$ (102)</u>	<u>(1.5)%</u>

Earnings Per Share and Share Data -Third Quarter
(unaudited)

	Three Months Ended	
	September 30	
	2019	2018
<i>(amounts in millions, except per share data)</i>		
Numerator:		
Net income	<u>\$ 1,750</u>	<u>\$ 1,508</u>
Denominator:		
Weighted-average shares	858	860
Deferred compensation obligations	—	1
Vested portion of restricted units	6	4
Denominator for basic earnings (loss) per share	<u>864</u>	<u>865</u>
Effect of dilutive securities:		
Restricted units	6	5
Stock options	—	—
Denominator for diluted earnings (loss) per share	<u>870</u>	<u>870</u>
Basic earnings per share	<u>\$ 2.03</u>	<u>\$ 1.74</u>
Diluted earnings per share	<u>\$ 2.01</u>	<u>\$ 1.73</u>
Detail of shares outstanding as of September 30, 2019:		
Class A shares	157	
Class B shares	701	
Total shares outstanding	<u>858</u>	

Certain prior year amounts have been reclassified to conform to the current year presentation.

United Parcel Service, Inc.
Selected Financial Data - Year to Date
(unaudited)

	Nine Months Ended			
	September 30			
	2019	2018	Change	% Change
<i>(amounts in millions, except per share data)</i>				
Statement of Income Data:				
Revenue:				
U.S. Domestic Package	\$ 33,085	\$ 31,018	\$ 2,067	6.7 %
International Package	10,458	10,613	(155)	(1.5)%
Supply Chain & Freight	9,983	10,382	(399)	(3.8)%
Total revenue	<u>53,526</u>	<u>52,013</u>	1,513	2.9 %
Operating expenses:				
Compensation and benefits	28,206	27,084	1,122	4.1 %
Other	19,655	19,909	(254)	(1.3)%
Total operating expenses	<u>47,861</u>	<u>46,993</u>	868	1.8 %
Operating profit:				
U.S. Domestic Package	3,090	2,644	446	16.9 %
International Package	1,858	1,748	110	6.3 %
Supply Chain & Freight	717	628	89	14.2 %
Total operating profit	<u>5,665</u>	<u>5,020</u>	645	12.8 %
Other income (expense):				
Other pension income (expense)	574	853	(279)	(32.7)%
Investment income and other	98	60	38	63.3 %
Interest expense	(487)	(457)	(30)	6.6 %
Total other income (expense)	<u>185</u>	<u>456</u>	(271)	(59.4)%
Income before income taxes	5,850	5,476	374	6.8 %
Income tax expense (benefit)	1,304	1,138	166	14.6 %
Net income	<u>\$ 4,546</u>	<u>\$ 4,338</u>	<u>\$ 208</u>	4.8 %
Net income as a percentage of revenue	8.5 %	8.3 %		
Per share amounts:				
Basic earnings per share	\$ 5.26	\$ 5.01	\$ 0.25	5.0 %
Diluted earnings per share	\$ 5.23	\$ 4.99	\$ 0.24	4.8 %
Weighted-average shares outstanding:				
Basic	865	866	(1)	(0.1)%
Diluted	869	870	(1)	(0.1)%
As adjusted income data:				
Operating profit:				
U.S. Domestic Package (1)	\$ 3,162	\$ 2,879	\$ 283	9.8 %
International Package (1)	1,970	1,824	146	8.0 %
Supply Chain & Freight (1)	740	677	63	9.3 %
Total operating profit (1)	<u>5,872</u>	<u>5,380</u>	492	9.1 %
Income before income taxes (1)	\$ 6,057	\$ 5,836	\$ 221	3.8 %
Net income (2)	\$ 4,703	\$ 4,611	\$ 92	2.0 %
Basic earnings per share (2)	\$ 5.44	\$ 5.33	\$ 0.11	2.1 %
Diluted earnings per share (2)	\$ 5.41	\$ 5.30	\$ 0.11	2.1 %

(1) 2019 operating profit and consolidated income before income taxes exclude the impact of \$207 million of transformation strategy costs, that reflect other employee benefits costs of \$149 million and other costs of \$58 million. These costs are allocated between the U.S. Domestic Package segment (\$72 million), International Package segment (\$112 million) and Supply Chain & Freight segment (\$23 million).

2018 operating profit and consolidated income before income taxes exclude the impact of \$360 million of transformation costs, which includes voluntary retirement plan severance costs of \$262 million, and other costs of \$98 million. These costs are allocated between the U.S. Domestic Package segment (\$235 million), International Package segment (\$76 million) and Supply Chain & Freight segment (\$49 million).

(2) 2019 net income and earnings per share amounts exclude the after-tax impact of the adjustments described in (1), which decreased net income by \$157 million.

2018 net income and earnings per share amounts exclude the after-tax impact of the adjustments described in (1), which decreased net income by \$273 million.

Certain prior year amounts have been reclassified to conform to the current year presentation.

United Parcel Service, Inc.
Selected Operating Data - Year to Date
(unaudited)

	Nine Months Ended			
	September 30			
	2019	2018	Change	% Change
Revenue (in millions):				
U.S. Domestic Package:				
Next Day Air	\$ 6,160	\$ 5,510	\$ 650	11.8 %
Deferred	3,494	3,215	279	8.7 %
Ground	23,431	22,293	1,138	5.1 %
Total U.S. Domestic Package	33,085	31,018	2,067	6.7 %
International Package:				
Domestic	2,069	2,094	(25)	(1.2)%
Export	7,972	8,073	(101)	(1.3)%
Cargo and Other	417	446	(29)	(6.5)%
Total International Package	10,458	10,613	(155)	(1.5)%
Supply Chain & Freight:				
Forwarding	4,384	4,936	(552)	(11.2)%
Logistics	2,511	2,356	155	6.6 %
Freight	2,486	2,497	(11)	(0.4)%
Other	602	593	9	1.5 %
Total Supply Chain & Freight	9,983	10,382	(399)	(3.8)%
Consolidated	\$ 53,526	\$ 52,013	\$ 1,513	2.9 %
Consolidated volume (in millions)	3,885	3,696	189	5.1 %
Operating weekdays	191	191	—	0.0 %
Average Daily Package Volume (in thousands):				
U.S. Domestic Package:				
Next Day Air	1,771	1,462	309	21.1 %
Deferred	1,413	1,260	153	12.1 %
Ground	14,068	13,529	539	4.0 %
Total U.S. Domestic Package	17,252	16,251	1,001	6.2 %
International Package:				
Domestic	1,661	1,662	(1)	(0.1)%
Export	1,425	1,436	(11)	(0.8)%
Total International Package	3,086	3,098	(12)	(0.4)%
Consolidated	20,338	19,349	989	5.1 %
Average Revenue Per Piece:				
U.S. Domestic Package:				
Next Day Air	\$ 18.21	\$ 19.73	\$ (1.52)	(7.7)%
Deferred	12.95	13.36	(0.41)	(3.1)%
Ground	8.72	8.63	0.09	1.0 %
Total U.S. Domestic Package	10.04	9.99	0.05	0.5 %
International Package:				
Domestic	6.52	6.60	(0.08)	(1.2)%
Export	29.29	29.43	(0.14)	(0.5)%
Total International Package	17.04	17.18	(0.14)	(0.8)%
Consolidated	\$ 11.10	\$ 11.14	\$ (0.04)	(0.4)%

Certain prior year amounts have been reclassified to conform to the current year presentation.

United Parcel Service, Inc.
Supplemental Analysis of Currency and UPS Freight

Currency Neutral Revenue Per Piece
(unaudited)

	Nine Months Ended			Currency		
	September 30			Neutral		
	2019	2018	% Change	Currency	2019*	% Change
Average Revenue Per Piece:						
International Package:						
Domestic	\$ 6.52	\$ 6.60	(1.2)%	\$ 0.33	\$ 6.85	3.8 %
Export	29.29	29.43	(0.5)%	0.43	29.72	1.0 %
Total International Package	\$ 17.04	\$ 17.18	(0.8)%	\$ 0.37	\$ 17.41	1.3 %
Consolidated	\$ 11.10	\$ 11.14	(0.4)%	\$ 0.06	\$ 11.16	0.2 %

*Amounts adjusted for period over period foreign currency exchange rate and hedging differences

Currency Neutral Revenue
(unaudited)

	Nine Months Ended			Currency		
	September 30			Neutral		
	2019	2018	% Change	Currency	2019*	% Change
Revenue (in millions):						
U.S. Domestic Package	\$ 33,085	\$ 31,018	6.7 %	\$ —	\$ 33,085	6.7 %
International Package	10,458	10,613	(1.5)%	222	10,680	0.6 %
Supply Chain & Freight	9,983	10,382	(3.8)%	70	10,053	(3.2)%
Total revenue	\$ 53,526	\$ 52,013	2.9 %	\$ 292	\$ 53,818	3.5 %

*Amounts adjusted for period over period foreign currency exchange rate and hedging differences

Currency Neutral Operating Profit
(unaudited)

	Nine Months Ended			Currency		
	September 30			Neutral		
	2019*	2018*	% Change	Currency	2019**	% Change
As-Adjusted Operating Profit (in millions):						
U.S. Domestic Package	\$ 3,162	\$ 2,879	9.8 %	\$ —	\$ 3,162	9.8 %
International Package	1,970	1,824	8.0 %	(46)	1,924	5.5 %
Supply Chain & Freight	740	677	9.3 %	9	749	10.6 %
Total operating profit	\$ 5,872	\$ 5,380	9.1 %	\$ (37)	\$ 5,835	8.5 %

* Amounts adjusted for Transformation strategy costs

** Amounts adjusted for Transformation strategy costs and period over period foreign currency exchange rate and hedging differences

UPS Freight Selected Operating Data - Year to Date
(unaudited)

	Nine Months Ended			
	September 30			
	2019	2018	Change	% Change
LTL revenue (in millions)	\$ 2,040	\$ 2,122	\$ (82)	(3.9)%
LTL revenue per LTL hundredweight	\$ 26.39	\$ 25.29	\$ 1.10	4.3 %
LTL shipments (in thousands)	7,064	7,710	(646)	(8.4)%
LTL shipments per day (in thousands)	37.0	40.4	(3.4)	(8.4)%
LTL gross weight hauled (in millions of pounds)	7,730	8,391	(661)	(7.9)%
LTL weight per shipment (in pounds)	1,094	1,088	6	0.6 %
Operating weekdays	191	191	—	0.0 %

Certain prior year have been reclassified to conform to the current year presentation.

United Parcel Service, Inc.
Detail of Other Operating Expenses - Year to Date
(unaudited)

	Nine Months Ended			
	September 30			
	2019	2018	Change	% Change
<i>(in millions)</i>				
Repairs and maintenance	\$ 1,392	\$ 1,294	\$ 98	7.6 %
Depreciation and amortization	1,730	1,662	68	4.1 %
Purchased transportation	8,950	9,570	(620)	(6.5)%
Fuel	2,451	2,469	(18)	(0.7)%
Other occupancy	1,039	1,003	36	3.6 %
Other expenses	4,093	3,911	182	4.7 %
Total other operating expenses	<u>\$ 19,655</u>	<u>\$ 19,909</u>	<u>\$ (254)</u>	<u>(1.3)%</u>

Earnings Per Share and Share Data - Year to Date
(unaudited)

	Nine Months Ended	
	September 30	
	2019	2018
<i>(amounts in millions, except per share data)</i>		
Numerator:		
Net income	<u>\$ 4,546</u>	<u>\$ 4,338</u>
Denominator:		
Weighted-average shares	859	861
Deferred compensation obligations	—	1
Vested portion of restricted units	6	4
Denominator for basic earnings (loss) per share	<u>865</u>	<u>866</u>
Effect of dilutive securities:		
Restricted units	4	4
Stock options	—	—
Denominator for diluted earnings (loss) per share	<u>869</u>	<u>870</u>
Basic earnings per share	<u>\$ 5.26</u>	<u>\$ 5.01</u>
Diluted earnings per share	<u>\$ 5.23</u>	<u>\$ 4.99</u>

Certain prior year amounts have been reclassified to conform to the current year presentation.

United Parcel Service, Inc.
Consolidated Balance Sheets - September 30, 2019 and December 31, 2018
(unaudited)

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
(amounts in millions)		
ASSETS		
Current Assets:		
Cash and marketable securities	\$ 4,538	\$ 5,035
Other current assets	9,646	11,175
Total Current Assets	14,184	16,210
Property, Plant and Equipment	57,858	54,488
Less accumulated depreciation and amortization	28,787	27,912
	29,071	26,576
Other Assets	10,027	7,230
	<u>\$ 53,282</u>	<u>\$ 50,016</u>
LIABILITIES AND SHAREOWNERS' EQUITY		
Current Liabilities	\$ 12,835	\$ 14,087
Long-Term Debt	21,740	19,931
Pension and Postretirement Benefit Obligations	6,443	8,347
Deferred Taxes, Credits and Other Liabilities	6,690	4,614
Shareowners' Equity	5,574	3,037
	<u>\$ 53,282</u>	<u>\$ 50,016</u>

Amounts are subject to reclassification.

United Parcel Service, Inc.
Selected Cash Flow Data
(unaudited)

Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash

	Preliminary
	Year-to-Date
	September 30
(amounts in millions)	
Cash flows from operating activities	\$ 5,693
Cash flows used in investing activities	(4,027)
Cash flows used in financing activities	(1,854)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	6
Net increase/(decrease) in cash and cash equivalents and restricted cash	<u>\$ (182)</u>

Reconciliation of Adjusted Capital Expenditures and Free Cash Flow (non-GAAP measures)

	Preliminary
	Year-to-Date
	September 30
(amounts in millions)	
Cash flows from operating activities	\$ 5,693
Capital expenditures	(4,336)
Principal repayments of capital lease obligations	(120)
Adjusted Capital Expenditures (non-GAAP measure)	<u>\$ (4,456)</u>
Proceed from disposal of PP&E	61
Net change in finance receivables	8
Other investing activities	(84)
Adjusted free cash flow (non-GAAP measure)	<u>\$ 1,222</u>
Discretionary pension contributions	2,000
Adjusted free cash flow (non-GAAP measure) excluding discretionary pension contributions	<u>\$ 3,222</u>

Amounts are subject to reclassification.

United Parcel Service, Inc.
Aircraft Fleet - as of September 30, 2019
(unaudited)

Description	Owned and Capital Leases	Leases & Charters from Others	On Order	Under Option
Operating:				
Boeing 757-200	75	—	—	—
Boeing 767-200	—	—	—	—
Boeing 767-300	62	2	10	—
Boeing 767-300BCF	3	—	1	—
Boeing 767-300BDSF	—	—	4	—
Airbus A300-600	52	—	—	—
Boeing MD-11	37	—	—	—
Boeing 747-400F	11	—	—	—
Boeing 747-400BCF	2	—	—	—
Boeing 747-8F	13	—	15	—
Other	—	296	—	—
Total	255	298	30	—